

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
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FM USLO PEKING

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INFO AMCONSUL HONG KONG

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ECON, ENRG, CH

SUBJ: PRC COAL PRODUCTION PLANS

1. SUMMARY. A HIGH RANKING OFFICIAL OF THE CHINA COAL SOCIETY RECENTLY TOLD A VISITING U.S. FIRM THAT THE PRC PLANS TO DOUBLE COAL PRODUCTION BY 1985. THE OFFICIAL ALSO STATED THAT PLANS ARE TO MAINTAIN THE PRESENT COAL TO OIL RATION IN PRC ENERGY CONSUMPTION. DURING A VISIT TO TATUNG MINES THE AMERICANS WERE TOLD THAT THE TATUNG MINES PLAN 21 MILLION TONS OF COAL PRODUCTION IN 1977, AND THAT INNER MONGOLIA IS PRODUCING 10 MILLION TONS ANNUALLY. THESE REMARKS MAY INDICATE AN END TO THE COAL TO OIL POLICY OF RECENT YEARS AND AN EFFORT TO CHANNEL MORE OIL INTO EXPORTS. END SUMMARY.

2. EXECUTIVES OF THE MINE SAFETY APPLIANCES (MSA) COMPANY, PITTSBURGH, PENNSYLVANIA, HAVE

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RELATED TO USLO HIGHLIGHTS OF THEIR DISCUSSIONS WITH THE CHINA COAL SOCIETY AND A TRIP TO THE TATUNG COAL MINES. MSA IS IN PEKING TO CONDUCT A SEMINAR ON MINE SAFETY EQUIPMENT. THE FIRM HAS BEEN HOSTED BY THE CHINA COAL SOCIETY AND ACCOMPANIED THUS FAR BY THE SOCIETY'S DEPUTY DIRECTOR,

WANG HSUN (NO STC'S).

3. WANT TOLD MSA'S CHAIRMAN THAT THE PRC PLANS TO DOUBLE COAL OUTPUT BY 1985 AND THAT THE PRESENT RATIO OF COAL TO OIL IN THE COUNTRY'S ENERGY CONSUMPTION WILL BE MAINTAINED. ACCORDING TO MSA, WANG EXUDED CONFIDENCE REGARDING THE COAL INDUSTRY'S HIGH PRIORITY, STATING THAT "COAL MEN" SIT ON THE CCP'S CENTRAL COMMITTEE.

4. DURING A VISIT TO THE TATUNG COAL MINES MSA WAS INFORMED THAT PRODUCTION FROM TATUNG WAS 20 MILLION TONS IN 1976 AND THAT THIS YEAR'S TARGET IS 21 MILLION TONS. IT WAS FURTHER STATED THAT 2 MILLION TONS OF TATUNG'S PRODUCTION IS FROM SMALL SURFACE MINES. ONE TATUNG OFFICIAL SAID THAT INNER MONGOLIA NOW PRODUCES 10 MILLION TONS OF COAL ANNUALLY.

5. MSA'S SEMINARS HAVE INTRODUCED A NUMBER OF MINING SAFETY DEVICES INCLUDING METHANE DETECTORS AND "SELF-RESCUERS" (MASKS WHICH CAN PROVIDE TEMPORARY SAFETY FROM CARBON MONOXIDE POISONING). ACCORDING TO MSA, THE LIMITED OFFICIAL USE

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PRC APPARENTLY PRODUCES NO METHAN DETECTORS. "SELF-RESCUERS" ARE IN NEARLY UNIVERSAL USE AROUND THE WORLD, INCLUDING THE SOVIET UNION, BUT ARE APPARENTLY UNTRIED IN CHINA. ESPITE WHAT MSA SAYS IS AN OBVIOUS NEED FOR ITS PRODUCTS, MSA HAS NOT PERCEIVED ANY INDICATION THAT SALES WILL BE FORTHCOMING DURING THIS TRIP.

6. COMMENTS: CURRENT U.S. GOVERNMENT ESTIMATES PUT PRC COAL CONSUMPTION IN 1976 AT 440 MILLION METRIC TONS. DOUBLING PRODUCTION BY 1985 WOULD REQUIRE GROWTH OF ABOUT 9 PERCENT A YEAR. THIS IS WELL ABOVE THE ABOUT 6.5 PERCENT ANNUAL GROWTH RATE DURING THE LAST TEN YEARS AND INDICATES A MAJOR EFFORT TO EXPAND PRODUCTION. ACHIEVING A 9 PERCENT GROWTH RATE WILL NOT BE EASY AND WILL REQUIRE MUCH MORE INVESTMENT IN DEVELOPING LARGE MINES THAT HAS BEEN MADE IN THE LAST DECADE. THE RATIO OF COAL TO OIL IN THE PRC'S ENERGY CONSUMPTION HAS BEEN DECLINING IN RECENT

YEARS. ACCORDING TO U.S. GOVERNMENT
ESTIMATES COAL NOW PROVIDES ABOUT 65 PERCENT
OF ENERGY CONSUMED. A PRC PLAN TO MAINTAIN
THIS RATIO WOULD SIGNAL AN END TO THE COAL
TO OIL POLICY OF RECENT YEARS AND, PERHAPS,
AN EFFORT TO CHANNEL MORE OIL INTO EXPORTS.

7. THE MODEST GROWTH PROPOSED FOR TATUNG'S
PRODUCTION FROM 20 TO 21 MILLION METRIC TONS
IS SURPRISING. IT IS INTERESTING TO NOTE,
HOWEVER, THAT A 1975 PRODUCTION FIGURE OF
ONLY 18 MILLION METRIC TONS WAS GIVEN TO AN
AUSTRALIAN COAL MISSION IN LAST YEAR, GIVING
AN 11 PERCENT GROWTH RATE FOR 1976. THE 10
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MILLION TON FIGURE FOR INNER MONGOLIA'S
PRODUCTION IS ALSO 11 PERCENT ABOVE THE USG
ESTIMATE OF 9 MILLION TONS IN 1975.

8. THE MSA GROUP WILL BE VISITING THE COAL
MINES IN FUSHUN, LIOANING, ON JUNE 25,
BEFORE TRAVELING TO SHANGHAI AND HANGCHOW.
DEAN

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